



**CITY OF ROUND ROCK, TEXAS
REQUEST FOR PROPOSAL
AUDITING SERVICES**

RFP No. 12-015

Q&A No. 1

Date: February 21, 2012

Please note the clarification and/or additional information to the solicitation referenced above.

1. Would the entity provide copies of all the Single Audit reports and management letters for the prior 2 years? If not, please provide what is the amount of federal and state expenditures and what were the major programs the last 2 years? Any new large grants this year?

Single audit reports for FY09 & FY10 are provided per this document on the City's website located at:

<http://www.roundrocktexas.gov/home/index.asp?page=462>

Management letters were not issued as a result of these audits, or the audits of the financial statements. In FY 12 the City anticipates receiving \$2.27 million in federal funds for active grants. In addition, the City has outstanding applications under consideration by various federal agencies that, if awarded, would represent significant increase to the number stated above.

2. Were there any material weaknesses or significant deficiencies reported in the last audit? Was a management letter issued in the prior year? May we review any advisory comments issued in FY11?

There have not been any material weakness or significant deficiencies reported in prior years' audit reports. There were also not any advisory comments issued.

3. Which programs were tested as major programs in the City's most recent single audit?

During the FY 2010 single audit, the following programs were tested as major:

Federal Transportation Admin.	5309 Funds	20.500
Federal Transportation Admin.	ARRA	20.507
Criminal Justice Div., Office of Comptroller	Edward Byrne Memorial JAG	16.803
Department of Energy	EECB	81.128
Housing & Urban Dev	CDBG	14.218
Housing & Urban Dev	ARRA-CDBG-R	14.253



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4. Have there been repetitive single audit findings?

No.

5. Have there been any audit findings by the cognizant (or oversight) agency or any other grantor agency?

In 2010, the Criminal Justice Division of the Governor's Office issued a report relative to a grant for a Regional Armored Response and Rescue Vehicle. That report contained 2 findings, both of which were resolved before the report was issued. The findings were:

1) Incorrect information on inventory list – the VIN for the vehicle was incorrectly listed in the inventory record. This was resolved by making the correction to the VIN.

2) Insufficient tracking and reporting of ARRA funds – the City had received several ARRA grants from different fund sources that were combined on the GL under ARRA revenue and expense accounts. This was resolved by posting journal entries to include grant numbers in the description field to allow agencies to distinguish the sources of ARRA funds.

6. How many years have your current auditors been performing the audit? Are they eligible to propose on this RFP? If not, why? Have you been satisfied with the performance of your predecessor auditor? If no, please explain your dissatisfaction.

The current auditors have been performing the City's audit for seven years. The City is satisfied with their performance. They are eligible to propose. The RFP is being issued in accordance with management practices of the City.

7. Were there any disagreements over any technical accounting issues with the predecessor auditor?

There have been no disagreements over technical accounting issues.

8. What were the prior year audit fees? How much time did the prior audit firm spend in completing its audits? If actual hours are not available, please indicate the number of individuals that were in the field and for how long.

The City is interested in obtaining fee estimates that reflect the work as your firm(s) would perform our audit. Because our auditors work both on premises and at their office, we are not aware of the quantity of hours actually spent on the audit.

9. Were there any audit adjustments in the prior year? If so, how many? Would it be possible to obtain a copy of the audit adjusting journal entries for the 2010 and 2011 fiscal years?



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Because the City typically delivers a trial balance by the end of October, there are certain adjusting entries that recur from year to year. City staff prepares these entries and submits them to our auditors. These include utility debt reclassifications, bad debt adjustments, un-billed water and grant receivables, leave & benefits accruals, year- end capital asset entries, joint venture activity, and the OPEB liability.

10. When is the City usually ready to begin final audit fieldwork?

The City typically issues a “final” trial balance (as stated in question 9 above) by the last week in October.

11. Who will prepare the financial statements? Please clarify who will type, print and bind them?

As stated in part III, 19 of the RFP, the City is interested in the auditor preparing the final draft financial statements to include GASB34 Conversion, notes, RSI & statistical data. City staff shall draft the MD&A, transmittal letter, cash flow statements and statistical section and provide a thorough proofing of the document before it is finalized. To clarify further, vendor shall type, print & bind the City’s CAFR.

12. Are there any other component units in addition to the Round Rock Transportation System Corporation included in the RFP? Are these audited in relation to the CAFR or are these audited separately by others?

There are not component units other than the Round Rock Transportation System Corporation. The Corporation is audited as a blended component unit along with the audit of the financial statements. Separate statements are not required, and are not have issued.

13. Does Round Rock Transportation System Corporation utilize the same internal control structure as the City?

Yes.

14. Are any major changes in operations anticipated over the next several years?

No.

15. Have any new systems been implemented in the current year or will new systems be implemented next year?

Other than the ongoing upgrades to our software, there will not be changes in Fiscal Year 12. There may be changes to general ledger and/or payroll software in FY13.



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16. Do any significant legal or environmental issues exist?

Nothing worthy of specific disclosure. See contingency note to the financial statement.

17. Part III, #12 of the RFP states that respondents must have an office located within a 120 mile radius of the City. Is this a nonnegotiable requirement? Our firm's closest office is located outside of the specified radius; however, we perform audits in all parts of the State of Texas, including 3 Texas municipalities close to Round Rock.

Requirement is nonnegotiable.

18. Did the City issue any new bonds or bond refundings in the current fiscal year?

During FY12 the City has issued \$19,580,000 in GO Refunding Debt. We are in the process of issuing Hotel Tax Revenue Bonds to fund the construction of a Sports Complex from the 2% Venue Tax.

19. Does the City have an Audit Committee?

The City does not have an Audit Committee.

20. Has there been a change in key personnel from the prior year?

No.

21. Does the entity use service providers and for what purpose? Do the service providers provide a SAS No. 70 report? When is the report received and for what period?

The Round Rock Independent School District (RRISD) tax office bills and collects the City's property tax. They do not provide a SAS No. 70 report.